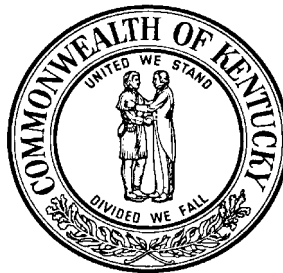


**REPORT OF THE AUDIT OF THE
PULASKI COUNTY
SHERIFF'S TAX SETTLEMENT - 2000 TAXES AND
SHERIFF'S SETTLEMENT - 2000 UNMINED COAL TAXES**

April 14, 2001



**EDWARD B. HATCHETT, JR.
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AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Darrell Beshears, Pulaski County Judge/Executive

Honorable James McWhorter, Pulaski County Sheriff

Members of the Pulaski County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the Pulaski County Sheriff's Settlement - 2000 Taxes and the Sheriff's Settlement - 2000 Unmined Coal Taxes.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC, evaluated the Pulaski County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

**AUDIT EXAMINATION OF THE
FORMER PULASKI COUNTY
SHERIFF'S SETTLEMENT - 2000 TAXES AND
SHERIFF'S SETTLEMENT - 2000 UNMINED COAL TAXES**

August 14, 2001

Berger & Ross, PLLC
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FORMER PULASKI COUNTY SHERIFF'S SETTLEMENT - 2000 TAXES AND 2000 UNMINED COAL TAXES SAM CATRON (Deceased)

August 14, 2001

Berger & Ross, PLLC has completed the audit of the Sheriff's Settlement - 2000 Taxes and the Sheriff's Settlement 2000 Unmined Coal Taxes for the former Pulaski County Sheriff, Sam Catron (Deceased) as of August 14, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

The former Sheriff collected taxes of \$11,852,897 for the districts for 2000 taxes. The former Sheriff distributed taxes of \$11,420,831 to the districts for 2000 Taxes. Taxes of \$1,318 are due to the districts from the former Sheriff and refunds of \$697 are due to the former Sheriff from the taxing districts.

Deposits:

The former Sheriff's deposits were insured and collateralized by bank securities or bonds.

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In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the former Pulaski County Sheriff's taxes charged, credited, and paid as of August 14, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Darrell Beshears, Pulaski County Judge/Executive
Honorable James McWhorter, Pulaski County Sheriff
Members of the Pulaski County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
June 21, 2002

PULASKI COUNTY
SAM CATRON, FORMER SHERIFF
SHERIFF'S SETTLEMENT - 2000 TAXES

August 14, 2001

	County Taxes	Special Taxing Districts	School Taxes	State Taxes
<u>Charges</u>				
Real Estate	\$ 954,433	\$ 1,005,560	\$ 5,140,913	\$ 2,403,124
Tangible Personal Property	110,435	129,959	480,410	767,470
Intangible Personal Property				339,434
Fire Protection	952			
Oil, Gas, Limestone, Sand and Gravel	584	615	3,922	1,471
Bank Franchise	154,821			
Total Per Sheriff's Official Receipt	\$ 1,221,225	\$ 1,136,134	\$ 5,625,245	\$ 3,511,499
<u>Other Taxes and Charges</u>				
Correcting Tax Assessments	2,404	2,632	7,840	11,353
Penalties & Interest	7,108	7,534	40,258	19,989
Franchise Corporation	109,459	122,210	587,140	-
Gross Chargeable to Sheriff	\$ 1,340,196	\$ 1,268,510	\$ 6,260,483	\$ 3,542,841
<u>Credits</u>				
Exonerations	\$ 11,664	\$ 10,428	\$ 52,793	\$ 34,309
Delinquents	23,784	25,117	134,272	63,003
Unpaid Franchise	8,664	8,523	26,157	
Discounts	17,927	15,824	77,731	48,947
Total Credits	\$ 62,039	\$ 59,892	\$ 290,953	\$ 146,259
Net Tax Yield	\$ 1,278,157	\$ 1,208,618	\$ 5,969,530	\$ 3,396,582
Less: Commissions*	54,609	51,366	164,162	144,642
Taxes Due Districts	\$ 1,223,548	\$ 1,157,252	\$ 5,805,368	\$ 3,251,940
Less Taxes Paid	1,222,040	1,155,070	5,961,641	3,246,232
Less Refunds (Current and Prior Year)	1,616	1,719	8,027	5,304
Add Commission Refunds From School			164,162	
		**	***	
Due Districts or (Refunds Due Sheriff) as of Completion of Fieldwork	\$ (108)	\$ 463	\$ 138	\$ 404

*, **, and *** See Page 4

The accompanying notes are an integral part of these financial statements.

PULASKI COUNTY
SAM CATRON, FORMER SHERIFF
SHERIFF'S SETTLEMENT - 2000 TAXES
August 14, 2001
(Continued)

*Commissions:	10% on	\$	10,000
	4.25% on		5,873,357
	2.75 % on		5,969,530
**Special Taxing Districts:			
Library District		\$	(67)
Health District			546
Extension Service District			<u>(16)</u>
Due Districts or (Refunds Due Sheriff)		\$	<u>463</u>
***School Districts:			
Common School District		\$	(506)
Science Hill School District			<u>368</u>
Due Schools or (Refunds Due Sheriff)		\$	<u>(138)</u>

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENTS

August 14, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statements. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The former Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of August 14, 2001, the former Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENTS
August 14, 2001
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2000. Property taxes were billed to finance governmental services for the year ended June 30, 2001. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 18, 2000 through August 14, 2001.

B. Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 2000. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 23, 2000 through August 14, 2001.

Note 4. Interest Income

The former Pulaski County Sheriff earned \$8,608 as interest income on 2000 taxes. The former Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the Sheriff's office.

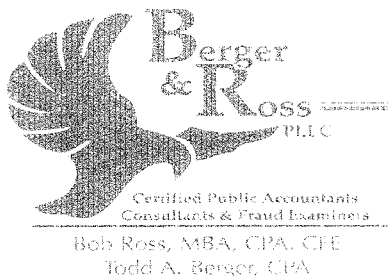
Note 5. Sheriff's 10% Add-On Fee

The former Pulaski County Sheriff collected \$60,196 of 10% add-on fees allowed by KRS 134.430(3). This amount was used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The former Pulaski County Sheriff collected \$3,268 of advertising costs allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees were be used to operate the Sheriff's office.

REPORT ON COMPLIANCE
AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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 National Society of Certified Fraud Examiners
 National Tax Association
 National Association of Public Accountants
 National Association of Government Auditors
 National Association of State Auditors, Accountants and Tax Administrators

To the People of Kentucky
 Honorable Paul E. Patton, Governor
 Kevin Flanery, Secretary
 Finance and Administration Cabinet
 Dana Mayton, Secretary, Revenue Cabinet
 Honorable Darrell Beshears, Pulaski County Judge/Executive
 Honorable James McWhorter, Pulaski County Sheriff
 Members of the Pulaski County Fiscal Court

**Report On Compliance And On Internal Control
 Over Financial Reporting Based On An Audit Of The Financial
 Statements Performed In Accordance With Government Auditing Standards**

We have audited the former Pulaski County Sheriff's Settlement - 2000 Taxes and the Sheriff's Settlement - 2000 Unmined Coal Taxes as of August 14, 2001, and have issued our report thereon dated June 21, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Pulaski County Sheriff's Settlement - 2000 Taxes and the Sheriff's Settlement - 2000 Unmined Coal Taxes as of August 14, 2001 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Pulaski County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
June 21, 2002

